

**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURAL  
SHIPPING POINT INSPECTION ADVISORY COMMITTEE MEETING  
Holiday Inn – Fresno Airport  
Meeting Minutes  
May 6, 2004**

**Members Attending**

Louis Pandol, Chairman  
Jim Simonian  
Blaine Carian  
Dennis Parnagian  
Dean Janssen  
Douglas Hemly  
Melvin Enns, voting alternate  
Aaron Smith, voting alternate

**Members Absent**

Steve Biswell  
Verne Crookshanks  
Monte Griffith

**CDFA Representatives**

Steve Mauch  
Rick Jensen  
Ed Brown  
Ed Page  
Gordon Poulsen  
Susan Shelton

**Interested Parties**

Javier Jasso, CTFA  
Raymond Bodey, CTFA  
Dale Janzen, CTFA  
Michael Morrelli, USDA

**ITEM 1: ROLL CALL**

Roll was called and a quorum was established at 10:08 a.m.

**ITEM 2: INTRODUCTIONS – RICK JENSEN**

Committee introductions were made.

**ITEM 3: CHAIRPERSON NOMINATION/SELECTION**

**MOTION:** Dennis Parnagian moved to nominate Louis Pandol as committee chairman. Doug Hemly seconded. The motion passed unanimously.

**ITEM 4: APPROVAL OF THE JUNE 26, 2003 MINUTES**

**MOTION:** Dennis Parnagian moved to approve the minutes as submitted. Doug Hemly seconded. The motion passed unanimously.

**ITEM 5: USDA UPDATE – MICHAEL MORRELLI**

Michael Morrelli reported that there have been no major organizational changes since the SPI committee last met.

As of January there was a 15% increase in terminal market fees. Car lot fees went from \$86 to \$99 and lot A, B, C, and D inspections went from \$15 to \$45. The Federal Advisory Committee has asked standardization to conduct a comprehensive review of USDA grade standards. There are currently 158 grade standards that cover about 90 commodities. This process is currently underway. Changes in the peach, plum, and nectarine standards became effective March 30.

Michael has just finished the GHP/GAP handbook. It is currently in the process of being reviewed for approval. Tony Souza is working on computerizing the terminal market inspection program. It is expected to be online later this year or early next year.

#### **ITEM 6: INSPECTION SERVICES DIVISION UPDATE – STEVE MAUCH**

Steve reported that since the last SPI meeting a new Secretary of Food and Agriculture, A.G. Kawamura, has been appointed. A.G. is originally a producer of strawberries, green beans, and celery from Orange County. CDFA also has a newly appointed Undersecretary, Chuck Ahlem.

Our new Secretary, A.G. Kawamura, came into office with two favorite themes: nutrition and agricultural education for the urban population. He strongly believes in the importance of helping the urban dweller understand the value and importance of agriculture. Secretary Kawamura recognizes that the Department must develop a message to help the legislature understand the value and importance of our agricultural infrastructure for all citizens of California. He is also a strong supporter of our Border Stations and the pest prevention program.

#### **ITEM 7: BRANCH/PROGRAM UPDATE – RICK JENSEN, ED BROWN, ED PAGE**

##### Organizational Changes – Rick Jensen

Rick Jensen explained that the organizational details of the Inspection and Compliance Branch are almost in place. This branch will combine the old Shipping Point Inspection and Fruit, Vegetable and Egg Quality Control branches. There will be seven programs in the branch, they are: Shipping Point Inspection, Standardization, Certified Farmers Market, Organic, Avocado Inspection, Wine Grape Inspection, and Navel and Valencia.

The new organizational chart was passed out and reviewed by the committee. Shipping Point Program Supervisors will now have responsibilities over specific commodities rather than geographical areas. An Assistant Branch Chief has been added to handle district and administrative operations. The Statewide Programs Supervisor will create branch-wide training modules and quality controls.

The creation of Inspection and Compliance Branch will enhance the workforce through cross training and employee utilization, promote communication and understanding in the various programs, increase efficiencies, and improve services to the industry.

Review of District Boundaries – Ed Brown

Ed Brown explained that in order to provide professional, quality service efficiently, it has been decided that district boundaries should be analyzed and changed if necessary. Some areas that will be analyzed are district operation efficiencies, district revenues, personnel utilization, geographical boundaries, and possible consolidation of districts. Analysis will provide support for boundary changes and/or consolidations that would improve costs and customer/quality service.

CAIP and PIQ Update - Ed Page

Ed Page updated the committee on the Customer Assisted Inspection Program (CAIP) and Partners In Quality (PIQ). The 2003 season began with 14 handlers participating in CAIP and one PIQ handler. The season ended with eight CAIP and one PIQ handler. An area of difficulty for the industry is finding and retaining qualified inspection personnel. Total packages inspected under these programs was approximately 9.8 million.

**ITEM 8: GOOD AGRICULTURAL PRACTICES/GOOD HANDLING PRACTICES (GAP/GHP) – GORDON POULSEN**

GAP/GHP program was industry requested, started by the USDA in 2000 and piloted in 2001. It is a voluntary, third party safety inspection program. In 2003 there were 196 participants nationwide, of which, 74 participants were California companies. There are currently 90 commodities covered and participants in 19 States, Mexico, and Puerto Rico. The website for GAP/GHP is: [www.ams.usda.gov/fv/fpbgapghp.htm](http://www.ams.usda.gov/fv/fpbgapghp.htm).

**ITEM 9: FINANCIAL REPORT – RICK JENSEN**

Rick Jensen provided the committee with a historical overview of the budget, which depicted the one million dollar refund to industry, the one million dollar allotment for SPI's automation project, and the operating expenses compared to revenue. Since 2001, the committee has been advised that a fee increase would be necessary.

Rick identified and outlined areas of greatest increase to operating expenditures, such as unemployment insurance, workers' compensation, and overhead. He further

described efforts by the department to mitigate increases, most specifically with EDD and the method of reimbursement.

The committee questioned the long term viability of the program, given the inability to control or manage these costs effectively. Rick responded that he and Steve Mauch, with assistance, are currently exploring alternatives for seasonal employment. The concept of a Joint Powers Authority (JPA) was outlined for the committee. A JPA would provide the mechanism necessary to manage those costs effectively. Should a JPA meet these objectives, it is Rick and Steve's desire to have a JPA in place prior to the 2005/06 season.

The committee discussed 2003/04 projected expenditures, proposed 2004/05 budget, and increased fees. Fee increases were proposed as follows:

- Increase All Inspection Fees By 20%
  - \$33 to \$40 per hour or by package rate
  - PIQ - \$450 to \$540
  - PIQ Verification - \$65 to \$78
  - CAIP - \$45 to \$54
- Change Minimum Fees
  - \$18 to \$25
  - Overtime Surcharges
    - In Line - \$7 to \$10 per hour
    - After Hours Call In - \$20 per hour

**MOTION:** Jim Simonian moved to accept the budget report and recommend to the Secretary the proposed budget for the 2004/05 fiscal year as well as recommend the fee increases as presented. The motion died for lack of a second.

A discussion ensued regarding the various increases. The committee expressed concern regarding the overtime fee increases.

**MOTION:** Dean Janssen moved to accept the budget report and recommend to the Secretary the proposed budget for the 2004/05 fiscal year as reported. Doug Hemly seconded. The motion passed unanimously.

**MOTION:** Jim Simonian moved to recommend the fee increases as amended, deleting any changes to the overtime surcharges. Dean Janssen seconded. The motion passed unanimously.

#### **ITEM 10: NEW BUSINESS**

There was no other business to discuss.

**ITEM 11: NEXT MEETING LOCATION/AGENDA ITEMS**

To be scheduled in November. Revenue/expenditure numbers and progress on the development of a Joint Power Authority will be discussed.

**ITEM 12: ADJOURNMENT**

**MOTION:** Dean Janssen moved to adjourn the meeting. The meeting was adjourned at 1:09 P.M.

Respectfully submitted by:

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Rick S. Jensen, Chief  
Inspection and Compliance Branch

RJ/ss